

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PETITION OF DOE VALLEY UTILITIES,) CASE NO. 2003-00360
INC. FOR DETERMINATION AS TO)
JURISDICTIONAL STATUS OF DOE)
VALLEY UTILITIES, INC. AND)
ADDITIONAL OR ALTERNATIVE)
DETERMINATIONS)

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**PETITIONER'S RESPONSE TO
DATA REQUESTS OF
DOE VALLEY REAL ESTATE CORPORATION
TO DOE VALLEY UTILITIES, INC.**

Doe Valley Utilities, Inc. ("DVU"), submits its response to the Doe Valley Real Estate Corporation ("DVREC"), through counsel, as set forth below:

DATA REQUESTS

DATA REQUEST NO. 1. How long has DVU provided service to the six customers not living in or residents of Doe Valley Subdivision?

RESPONSE: A review of the records indicates that service began as long ago as 1979 to the Vulcan Materials and to Randall Benham and Roy Benham. It appears that service began on or about January 1992 to Edith Harrington and the remaining customers appear to have had service as long ago as 1986.

DATA REQUEST NO. 2. Does any other utility currently have the ability to serve the six customers not living in or residents of Doe Valley Subdivision without the extension of any lines or other facilities?

RESPONSE: It is believed that there are no other utilities that can serve all of the customers without extensions of lines. However, it appears that the two Benham properties can be served without significant or any line extension. Indeed, it is believed that one of the Benham properties already receives service from Meade County.

DATA REQUEST NO. 3. When was the last of the six customers not living in or residents of Doe Valley Subdivision added to DVU's system?

RESPONSE: It is believed that Ms. Harrington was added in January 1992 and that none have been added since that time.

DATA REQUEST NO. 4. Are other lots in the same area as the six customers not living in or residents of Doe Valley Subdivision? If any of those lots are developed would those residents obtain service from DVU?

RESPONSE: No, DVU has adopted a by-law that specifically states that it will not add any additional customers outside of Doe Valley.

DATA REQUEST NO 5. Have all six customers not living in or residents of Doe Valley Subdivision agreed to receive service from Meade County Water District?

RESPONSE: It is understood that all six customers have not agreed to date to voluntarily receive service from Meade County Water District.

DATA REQUEST NO. 6: Please identify and provide copies of all materials or documents that have been provided to the six customers not living in or residents of Doe Valley Subdivision by DVU or the Doe Valley Association, Inc. (the “POA”)?

RESPONSE: The six customers have been provided with the Petition in this matter and other documents that are a part of the case file. The Intervener can see those documents by review of said file. DVU is reviewing its records to see if there is any other material or documents which should be provided by supplementary response.

DATA REQUEST NO. 7: Please identify and provide any agreements between DVU and the POA that relate to the provision of service by DVU.

RESPONSE: As of now, DVU is unable to find such document. If such is found, it will be provided.

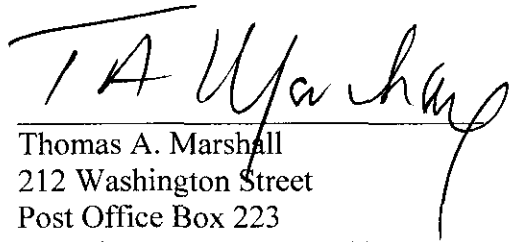
DATA REQUEST NO. 8: Please identify and provide the current By-Law and Articles of Incorporation of DVU and the POA that relate to the provision of service by DVU.

RESPONSE: The articles of incorporation have been provided with the Response to the Data Request from Commission Staff. As previously stated, there is a specific By-Laws which states that service will not be extended to any other outside customer. The By-Laws are attached.

DATA REQUEST NO. 9: Please identify and provide any resolutions of DVU or the POA that relate to the provision of service by DVU.

RESPONSE: This Request is under review. The Response will be supplemented if necessary.

Respectfully submitted,



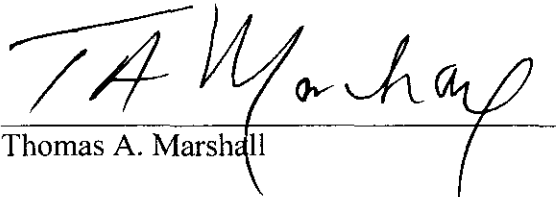
Thomas A. Marshall
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Counsel, Doe Valley Utilities, Inc

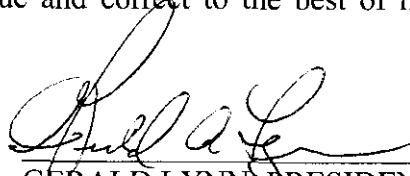
CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served on Holland N. McTyeire, V Greenbaum Doll & McDonald PLLC, 3500 National City Tower, 101 South Fifth Street, Louisville, KY 40202-3197 by mailing a copy on the 22th day of December, 2003.


Thomas A. Marshall

AFFIDAVIT

I have reviewed the foregoing responses to data requests on behalf of Doe Valley Utilities, Inc., and certify that they are true and correct to the best of my knowledge, information and belief.



GERALD LYNN, PRESIDENT
DOE VALLEY UTILITIES, INC.

Subscribed and sworn to or affirmed before me, a notary public, this 27th day of December, 2003.

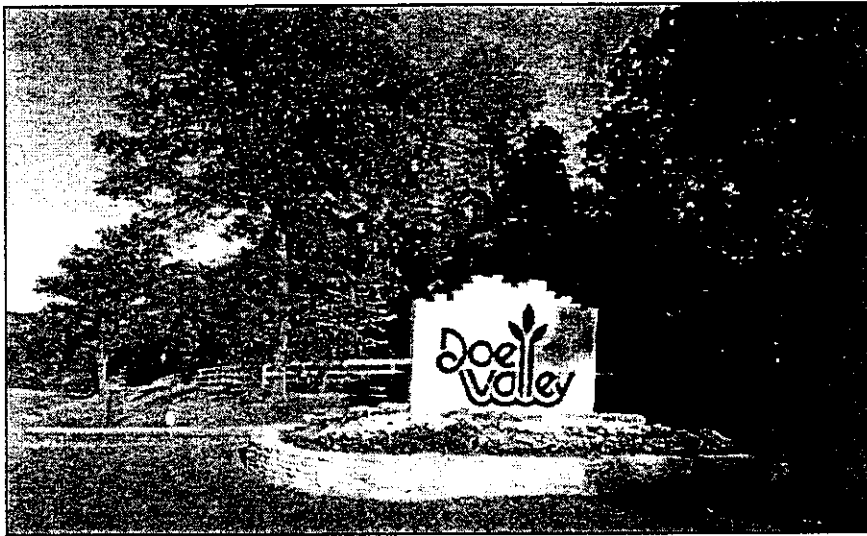


NOTARY PUBLIC, STATE-AT-LARGE

My Commission expires: 8-9-07

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FEB 28 2003
DOE VALLEY
UTILITY

By-Laws of Doe Valley Utilities, Inc.



**# 1 Doe Valley Parkway
Brandenburg, Kentucky 40108**

**BY-LAWS OF
DOE VALLEY UTILITIES, INC.**

ARTICLE I

OFFICES

The principal office of the corporation in the Commonwealth of Kentucky shall be located at Doe Valley, Brandenburg, Meade County, Kentucky. The Corporation may have such other offices, either within or without the Commonwealth of Kentucky, as the business of the corporation may require from time to time.

The registered office of the corporation may be, but need not be, identical with the principal office in the Commonwealth of Kentucky and the address of the registered office may be changed from time to time.

ARTICLE II

SHAREHOLDERS

SECTION 1. ANNUAL MEETING. The Annual Meeting of the shareholders shall be held in January on the day of the regularly scheduled Utility Board Meeting of the Property Owners Association for the purpose of appointing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the Annual Meeting shall be a legal holiday, such meeting shall be held on the next business day following said holiday. If the appointment of directors shall not be held on the day designated for any Annual Meeting, or at any adjournment thereof, the Board of Directors shall cause the appointment to be held at a special meeting of the shareholders to be held as soon thereafter as may be convenient.

SECTION 2. SPECIAL MEETING. Special meetings of the shareholders may be called by the President, by a majority of the members of the Board of Directors or by the holders of not less than one-fifth of all the shares entitled to vote at the meeting.

SECTION 3. PLACE OF MEETING. The Board of Directors may designate any place within the Commonwealth of Kentucky as the place of meeting for Annual Meeting, or any place within the Commonwealth of Kentucky as the place of meeting for any special meeting called by the Board of Directors.

A waiver of notice signed by all shareholders may designate any place, either within or without the Commonwealth of Kentucky, as the place for the holding of such meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the office of the corporation in the Commonwealth of Kentucky, except as otherwise provided in Section 5 of this article.

SECTION 4. NOTICE OF MEETINGS. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed delivered when deposited in the United States mail in a sealed envelope addressed to the shareholder at his address as it appears on the records of the Corporation, with the postage thereon prepaid. Notice of a meeting, either annual or special, called for the purpose of appointing Directors shall be delivered not less than twenty days before the date of the meeting.

SECTION 5. MEETING OF ALL SHAREHOLDERS. If all of the shareholders shall meet at any time and place, within the Commonwealth of Kentucky, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

SECTION 6. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE. The Board of Directors of the Corporation may close its stock transfer books for the purpose of determining shareholders entitled to notice of or the vote at any meeting of shareholders or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose for a period not to exceed fifty (50) days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, transfer books shall be closed for at least ten (10) days immediately preceding such meeting; or in lieu thereof, may fix in advance a date in advance as the record date for any such determination of shareholders, such date in any case to be not more than fifty (50) days, and, in case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or the vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the first date on which notice of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided herein, such determination shall apply to any adjournment thereof.

SECTION 7. VOTING LISTS. The officer or agent having charge of the transfer book for shares of the Corporation shall make a complete list of the shareholders entitled to vote at such meeting, or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each shareholder, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the Office of the Corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or stock transfer book, or a duplicate thereof kept in this Commonwealth shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or stock transfer book or to vote at any meeting of shareholders.

SECTION 8. QUORUM. A majority of the outstanding shares entitled to vote, represented in person or by proxy, shall constitute a quorum at any meeting of shareholders. The shareholders present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

SECTION 9. PROXIES. At all meeting of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. Such proxy shall be filed with the secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy, but in no event shall a proxy, unless coupled with an interest, be voted on three years form the date of its execution.

SECTION 10. VOTING OF SHARES. Each outstanding share of common stock shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders. The rights of classes of shares other than common shall be as set forth in the stock certificate.

SECTION 11. VOTING OF SHARE BY CERTAIN HOLDERS. Shares standing in the name of another corporation, domestic or foreign, may be voted by a majority of the Board of Directors of the Corporation, or by proxy appointed by them, unless some other person produces a certified copy of a resolution of the Board of Directors of such other corporation authorizing such other person to vote such shares.

SECTION 12. INFORMAL ACTION BY SHAREHOLDERS. Any action required to be taken at a meeting of the shareholders may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

ARTICLE III

DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed by its Board of Directors;

A. To engage the services of any persons deemed necessary by the Board, at such compensation deemed reasonable by the Board, in the operation, repair, maintenance and management of the facilities, and to remove, at any time, any such personnel with our without cause;

B. To adopt an annual budget; to levy and collect general and special assessments for common expenses;

C. To establish and maintain one or more bank accounts for the deposit of any funds paid to, or received by the Board;

D. To grant permits, licenses and easements over the Association property for utilities, roads and other purposes necessary for the proper operation of the Subdivision;

E. To make arrangements for and pay for out of the maintenance fund a comprehensive general liability insurance policy or policies insuring Doe Valley Utilities, Inc. and all Lot owners against any bodily injury and property damage liability to the public or to the owners of Lots and of their invitees or tenants, incident to the ownership, operation, maintenance and/or use of Doe Valley Utilities, Inc. property, public ways and any other areas that are owned or are otherwise under the supervision of Doe Valley Utilities, Inc. and liability related to employment contracts to which Doe Valley Utilities, Inc is a party;

F. To make arrangements for and pay for, out of the maintenance fund, fidelity bond(s) covering everyone, including any management agent, who either handles or is responsible for funds held or administered by Doe Valley Utilities, Inc. whether or not such persons receive compensation for their services. Said fidelity bond(s) shall name Doe Valley Utilities, Inc. as an obligee and shall cover the maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force. Premiums for all fidelity bonds provided for in these By-Laws shall be common expenses;

G. Any policy of insurance or fidelity bond shall have a provision requiring ten (10) days written notice to Doe Valley Utilities, Inc and any holder of a first mortgage named in the mortgage clause before the insurance policy or fidelity bond may be cancelled or substantially modified for any reason;

H. In the event any of the property held by Doe Valley Utilities, Inc is to be condemned or taken by any local governmental authority, by eminent domain or otherwise, the Association, acting through the Board, shall represent the Members and their mortgage holders in any proceedings, negotiations, settlements or agreements arising thereunder. Any proceeds or damages resulting therefrom shall be payable to the Doe Valley Utilities, Inc. and shall be held for the benefit of the Members and their mortgage holders, as their interests may appear.

SECTION 2. NUMBER, TENURE AND QUALIFICATIONS. The number of Directors of the Corporation shall be five (5) but may be changed by amendment of this By-Law. Each Director shall hold office for the term for which he is appointed or until his successor shall have been appointed and qualifies for the office, whichever is longer. Directors need not be residents of Kentucky but must be a member of the Doe Valley Property Owners Association. Terms of Office shall be three (3) staggered years for four (4) members of the Board and one (1) year for the Property Owners Association President or appointee. Current director may be reappointed.

SECTION 3. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held quarterly. The Board of Directors may provide, by resolution, the time and place, either within or without the Commonwealth of Kentucky to hold additional regular meetings without notice.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or

without the Commonwealth of Kentucky, as the place for holding any special meeting of the Board of Directors called by them.

SECTION 5. NOTICE. Notice of any special meeting shall be given at least two (2) days previously thereto by written notices delivered personally, mailed through the United States Post Office or electronically to each Director. If mailed by United States Post Office, said notice shall be deemed delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need to be specified in the notice or waiver of notice of such meeting.

SECTION 6. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that if less than a majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

SECTION 7. MANNER OF ACTING. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors; provided, however, that the Board of Directors, by resolution adopted by a majority of the full Board of Directors, may designate from among its members an executive committee and one or more other committees, each of which, to the extent provided in such resolution, shall have and may exercise all the authority of the Board of Directors, but no such committee shall have the authority of the Board of Directors in reference to amending the articles of incorporation, adopting a plan of merger or consolidation, recommending to the shareholders the sale, lease, exchange or other disposition of all or substantially all the property and assets of the Corporation otherwise than in the usual and regular course of business, recommending to the shareholders a voluntary dissolution of the Corporation or a revocation thereof, or amending these By-Laws.

SECTION 8. VACANCIES. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors. A Director appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in Office. Any Directorship to be filled by reason of an increase in the number of Directors may be filled by the Board of Directors for a term of Office continuing only until the next appointment of Directors by the shareholders.

SECTION 9. COMPENSATION. The Board of Directors shall have authority to fix the compensation of Directors.

SECTION 10. INFORMAL ACTION. Any action required by law to be taken at a meeting of the Board of Directors, or any action which may be taken at a meeting of the Board of Directors or of a committee, may be taken without a meeting if a consent, in writing, setting forth the action so taken shall be signed by all the Directors, or all the members of the committee, as the case may be. Such consent shall have the same effect as a unanimous vote.

ARTICLE IV

OFFICERS

SECTION 1. CLASSES. The Officers of the Corporation shall be a President, one or more Vice Presidents, a Treasurer, a Secretary, and such other Officers, whose duties may be fixed from time to time by the Board of Directors, as may be provided by the Board of Directors and elected in accordance with the provisions of this article. The Board of Directors may also create the Offices of one or more assistant Treasurers and assistant Secretaries, all of whom shall be appointed by the Board of Directors. Any two (2) or more offices may be held by the same person, except the Office of the President and the Office of the Secretary.

SECTION 2. ELECTION AND TERM OF OFFICE. The Officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each Annual Meeting of shareholders. If the election of Officers shall not be held at such a meeting, such election shall be held as soon thereafter as conveniently may be. Vacancies may be filled or new Offices created and filled at any meeting of the Board of Directors. Each Officer shall hold Office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. REMOVAL. Any Officer or agent elected to the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election of an Officer shall not of itself create contract rights.

SECTION 4. VACANCIES. A vacancy in any Office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the un-expired portion of the term.

SECTION 5. PRESIDENT. The President shall be the principal executive Officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation. He shall preside at all meetings of the shareholders and of the Board of Directors. He may sign, with the Secretary, or any other proper Officer of the Corporation thereunto authorized by the Board of Directors, certificates, for shares of the Corporation, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other Officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; he shall have, with majority of the Board of Directors authorization, the authority to vote all shares of stock in other Corporations owned by the Corporation, unless the Board of Directors designates and appoints another person as proxy for the Corporation; and in general shall perform all duties incident to the Office of President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 6. VICE PRESIDENT. In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President may sign, with the Secretary or an assistant Secretary, certificates for shares of the Corporation and shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

SECTION 7. TREASURER. If required by the Board of Directors, the Treasurer shall give bond for the faithful discharge of his duties in such sum and with such surety or sureties, as the Board of Directors shall determine. He shall: (a) have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article V of these By-Laws; (b) in general, perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the President or the Board of Directors.

SECTION 8. SECRETARY. The Secretary shall: (a) keep the minutes of the shareholders' and of the Board of Directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (c) be custodian of the Corporate records; (d) keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (e) sign with the President, or Vice President, certificates for shares of the Corporation, the issue of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the Corporation; (g) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

SECTION 9. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES. The assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The assistant Secretaries, as and if authorized by the Board of Directors, may sign with the President or Vice President, certificates for shares of the Corporation, the issue of which shall have been authorized by a resolution of the Board of Directors. The assistant Treasurers and assistant Secretaries in general shall perform such duties as shall be assigned to them by the Treasurer or Secretary, respectively, or by the President of the Board of Directors.

SECTION 10. SALARIES. The salaries of the Officers shall be fixed from time to time by the Board of Directors, and no Officer shall be prevented from receiving such salary by reason of the fact that he is also a Director of the Corporation.

ARTICLE V

CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. CONTRACTS. The Board of Directors may authorize any Officer or Officers, agent or agents, to enter into any contract or execute and deliver any instruments in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

SECTION 2. LOANS. No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued on its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 3. CHECKS, DRAFTS, ORDERS, ETC. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such Officer or Officers, agent or agents, of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 4. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VI

CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. CERTIFICATES FOR SHARES. Certificates representing shares of the Corporation shall be in such form as may be determined by the Board of Directors. Such certificates shall be signed by the President or Vice President and by the Secretary or an assistant Secretary. Each certificate representing shares shall state upon its face that the Corporation is organized under the laws of Kentucky; the name of the person to whom issued; the number of shares; and a statement that the shares are without par. All certificates for shares shall be consecutively numbered. The name of the person owning the shares represented thereby with the number of shares and a date of issue shall be entered on the books of the Corporation. All certificates surrendered to the Corporation for transfer shall be cancelled, and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except that in case of a lost, destroyed, or mutilated certificate, a new one may be issued therefore upon such terms and indemnity to the Corporation as the Board of Directors may prescribe. No certificate shall be issued for any share until such share is fully paid.

SECTION 2. TRANSFERS OF SHARES. Transfer of shares of the Corporation shall be made only on the books of the Corporation by the registered holder thereof or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

ARTICLE VII

FISCAL YEAR

The Fiscal Year of the Corporation shall be the calendar year commencing on the first day of January each year.

ARTICLE VIII

DIVIDENDS

The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its Articles of Incorporation.

ARTICLE IX

WAIVER OF NOTICE

Whenever any notice whatever is required to be given under the provisions of these By-Laws, or under the provisions of the Articles of Incorporation, or under the provisions of the Corporation Laws of the Commonwealth of Kentucky, waiver thereof in writing, signed by the person, or persons, entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE X

INDEMNIFICATION OF OFFICERS AND DIRECTORS

SECTION 1. The Corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a Director, Officer, employee or agent of the Corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

SECTION 2. The Corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that

he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for which expenses which such court shall deem proper.

SECTION 3. To the extent that a Director, Officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 and 2 above or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith.

SECTION 4. Any indemnification under Sections 1 and 2 above (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Director, Officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Sections 1 and 2. Such determination shall be made: (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action suit or proceeding, or (b) by the shareholders.

SECTION 5. Expenses (including attorneys' fees) incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action or proceeding as authorized in the manner provided in Section 4 upon receipt of an undertaking by or on behalf of the Director, Officer, employee or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this section.

SECTION 6. The indemnification provided by this Article XI shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any By-Law, agreement, vote of shareholders or disinterested Directors or otherwise, both as to action in another capacity while holding such Office, and shall continue as to a person who has ceased to be a Director, Officer, employee or agent shall inure to the benefit of the heirs, executors and administrators of such person.

SECTION 7. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such,

whether or not the Corporation would have the power to indemnify him against such liability under the provision of this section.

SECTION 8. For the purposes of the Article, references to "the Corporation" include all constituent corporation absorbed in a consolidation or merger as well as the resulting or surviving corporation so that any person who is or was a Director, Officer, employee or agent of such a constituent corporation or is or was serving at the request of such a constituent corporation as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this section with respect to the resulting or surviving corporation as he would if he had served the resulting or surviving corporation in the same capacity.

ARTICLE XII

DUTY TO REIMBURSE THE CORPORATION FOR CERTAIN PAYMENTS

Any payments made to an Officer of a corporation such as a salary, commission, bonus, interest, rent or entertainment expense incurred by him, which shall be disallowed in whole or in part as a deductible expense by the Internal Revenue Service, shall be reimbursed by such Officers to the Corporation to the full extent of such disallowance. It shall be the duty of the Directors to inform each duly appointed Officer of this provision and the fact that such Officer was so informed shall be recorded in the minutes of the Board of Directors meeting held immediately after the appointment of such Officers. It shall be the further duty of the Directors, as a Board, to enforce payment of such amount disallowed. In lieu of payment by the Officer, subject to the determination of the Directors, proportionate amounts may be withheld from his future compensation payments until the amount owed to the Corporation has been recovered.

ARTICLE XIII

AUDITORS AND ANNUAL REPORTS

SECTION 1. SELECTION OF AUDITORS. The Corporation's books of account shall be examined annually by an independent firm of public accountants whose selection shall be made by the shareholders in the manner herein set forth. The Board of Directors shall, prior to each annual shareholder's meeting, appoint a Nominating Committee consisting of three (3) Directors, not in the employ of the Corporation as Officers, who shall recommend a suitable firm of public accountants to act as the Corporation's auditors for the ensuing year. The firm thus selected, any other firm or firms of public accountants, whose names are submitted to the Nominating Committee by shareholders of record holding at least five percent (5%) of the stock of the Corporation, by a notice in writing received at least fifty (50) days prior to the Annual Meeting, shall be submitted to the shareholders for their consideration at the Annual Meeting.

SECTION 2. DUTIES OF AUDITORS. The auditors shall address their certificate to the shareholders and have same included in the Corporation's annual report. The auditors shall furnish to each member of the Board of Directors a copy of their full report, including an

adequate summary of the instructions under which their examination was conducted. The scope of the annual audit shall be arranged with the auditors by the Nomination Committee. A representative of the auditors shall be required to attend the Annual Meeting of the shareholders to answer questions and to make any explanation or statements they desire to make with respect to the accounts.

SECTION 3. ANNUAL REPORTS. A copy of the annual report to shareholders shall be mailed to shareholders prior to, or together with the notice of, the Annual Meeting of shareholders for each year. The annual report to shareholders, or the proxy statement for the Annual Meeting of the shareholders, shall disclose and set forth such information as, from time to time, may be required to be included in management proxy statements by the rules of the Securities and Exchange Commission, relating to Officers and Directors or corporations whose securities are listed on a national securities exchange, in the event that such securities are so listed.

ARTICLE XIV

AMENDMENT OF BY-LAWS

The Board of Directors may alter, amend or rescind the By-Laws.